GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA

UNSTARRED QUESTION NO:2847
ANSWERED ON:16.12.2015
GDP Calculation
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Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the economists and International Monetary Fund (IMF) has termed the new methodology of Gross Domestic Product (GDP) calculation and recently revised GDP growth data of India as "puzzling" and prima facie one with "discrepancies";

(b) if so, the details thereof and the reasons therefor;

(c) the reaction of the Government thereto;

(d) whether the Government has any plan to report the old GDP with the new series for next few years for a smooth transition to the new series of national income statistics; and

(e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION, MINISTER OF STATE FOR MINISTRY OF EXTERNAL AFFAIRS AND MINISTER OF STATE FOR MINISTRY OF OVERSEAS INDIAN AFFAIRS [GENERAL (Dr.) V.K. SINGH (Retd.)]

(a) & (b) Most users of GDP data have appreciated compilation in the new series being compliant with the latest United Nation's guidelines in System of National Accounts, 2008. Some users are puzzled by the difficulty in reconciling the new series estimates with the estimates of the old series and conventionally used indicators. The new series represents a structural break from the old series, mainly due to two reasons:

(i) Availability of new source of information for the corporate sector

(ii) Better estimates for the unorganised sector due to incorporation of recent estimates from the 2010-11 National Sample Survey on unincorporated enterprises and data on sales and service taxes.

(c) In order to clarify the doubts of the users, the Ministry released a publication on changes in methodology and datasets in the new series of national accounts, which is available on the website of the Ministry. Necessary clarifications have been provided in various fora. Frequently asked questions on new series alongwith replies have been placed in the public domain. A Data Users' Conference on new series of national accounts was also organized in the month of April 2015 to give the data users an opportunity to interact with the officers associated with compilation of national accounts.

(d) & (e) No, Madam. The base year revision exercises are undertaken to capture the changing structure of economy. This ensures capturing latest information and hence accurately reflects the current economic situation in the country. GDP based on old series would not reflect correct economic situation. Therefore, internationally accepted practice is to release GDP based on only the new series after the base year is revised.

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